

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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SUBJECT Recent Developments in the Administration (SIN)

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SUPPLEMENT TO
REPORT NO.**Description of Report:**

1. A recent order issued by SVT (Vienna) regarding the sale of scrap has been received by a new agency from Soviet headquarters in the Hotel Imperial, instructing the SVT to deliver its scrap holdings to Eisen-und Stahl A.G., stockpiles in hand, via the KOMO through USKA.* Bills of lading for scrap shipments issued from the office of Soviet General Director PRITZKI of Eisen-und Stahl A.G. have the required Soviet export stamps and indicate KOMO as the originating agency, Czechoslovakia; as the shipping agency, and One German Mark 4 as the recipient. Bills of lading on a recent shipment of 30 carloads of scrap from Eisenhüttenbau were cleared bearing the office of one KUPOVO of Wiener Eisen-und Metall Versorgungsgeellschaft, Vienna 4, Handelskonsortium 202.**
2. Meanwhile, the SVT Sales and Purchasing Office has received a directive from Wiener Eisen-und Metall Versorgungsgeellschaft entitled "Loading of Scrap for the USA Account." This directive, allegedly issued in the name of KOMZEN, puts form the following stipulations for the disposition of scrap materials: Scrap metals less than three millimeters thick and small quantities, alloy scrap from war material, and non-alloy scrap from industrial equipment three millimeters thick and larger are to be shipped to Urusov, Czechoslovakia.*** Scrap is to be cut in pieces not longer than 1500 mm x 800 mm x 800 mm, and not less than 15 tons are to be loaded in a single railroad car. Non-alloy scrap metals are to be designated on bills of lading according to the following classifications: Type C-1, solid steel scrap, including scrap from old locomotive and railroad cars; raw scrap from industrial equipment and structures, a minimum of six millimeters thick, shaping dimensions not to exceed 1.8 x 0.8 x 0.5 meters. Type I, heavy railings, nail scrap, forged scrap, small projectiles, scrapped shoots and barrels. Dimensions for standards as Type C-1. Type 2, miscellaneous scrap free. Explosive scrap is to be shipped and a statement to this effect is to be signed on each bill of lading. The directive emphasizes that all these regulations are not strictly observed in shipments to Austrian plants, any subsequent claim made by the purchaser. In addition to handling, storage, and shipping charges, and other incidental expenses are to be paid by the shipper, in this case the SVT.

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GENERAL INTELLIGENCE AGENCY

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Reorganization of SMV Oil Fields

3. It is now apparent that a general reorganization of SMV oil fields is in process. A new derrick has been erected at a well at Matzen, which has not yet been brought in but which is already producing large quantities of oil. Oil experts believe it is the best grade of oil now available. ITAG fields are being closed, and the SMV Central Warehouse in Neusiedl is paying high prices for the purchase of old ITAG equipment and stocks. ITAG-Linzendorf has been directed to stop all new drilling projects at once. Drilling at Haustrook and Kuchlborg has been discontinued, but derricks at these fields have not yet been dismantled. DM I Neusiedl offices are being transferred to the "Willing Masters" School at Zisterndorf, which has been moved to Neusiedl. A second refinery, built in the Voestau area during the past few months, started production about 1 August 1949. An estimated 75 tons of machinery, pipes, pistons, and a six-ton bruising mill are being transferred from the original Voestau refinery to the SMV warehouse in Lebau. Seventy-five tons of tank sheeting (Tackblech) have been transferred from the Lebau refinery to the SMV Central Warehouse, Neusiedl, and 15 tons of miscellaneous machine tools, raw material, and other equipment from the Voestendorf refinery to the SMV Lebau warehouse. SMV employees believe that when dismantling operations have been completed at Kuchlborg, all equipment and stocks will be stripped from the Kornzuckerberg refinery and sent to the SMV warehouse at Lebau or the Central warehouse, Neusiedl.

SMV Inventory

4. All SMV firms are to start inventorying their property on 25 September 1949. SIPLAGIN, who arrived from Moscow during the first week of August 1949, is to take over MITHMANN's job as special purchasing agent when these inventories have been completed. ~~He~~ MITHMANN is now completing SMV purchasing transactions to clear his account before his departure. SIPLAGIN, meanwhile, has purchased the entire stock of seamless piping from the Kornzuckerberg refinery. This piping is being transferred to the SMV Lebau warehouse.

Refining

5. The Vacuum Oil refinery has just received 40 tons of sulfuric acid for a large SMV refining order. According to source, the production schedule of this refinery varies from day to day, and, therefore, it is impossible to discern the significance of this order.

Shipment of Equipment to the USSR

6. An SMV team, now checking equipment at various USIA and SMV installations for shipment to the Soviet Union, has visited much interest in machine tools of non-American manufacture. Recently, this team visited Mannesmann-Trauzl A.G., where they requested all available data, new spare parts, and a detailed breakdown of a U.S.-made milling machine, now being used in current production. According to MITHMANN, this milling machine is scheduled for shipment to the USSR.

SMV Purchases of Barite and Seamless Piping

7. Sometime ago, Montanwerke Brinlegg G.m.b.H. agreed to deliver to the SMV 75,000 tons of barite per month. For the past three weeks, no barite has been shipped from this firm, and SMV officials have not been able to remedy the situation. Between 12 and 22 August 1949, two carloads of seamless piping arrived from the Soviet Union, 3.3 tons from a pipe factory near Otdyabinsk Station, and 51 tons from a factory at Kuibyshev. These shipments were transferred to the SMV Central derrick at Neusiedl by Juschnyoschtrans.

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8. From 8 to 28 August 1949, the C.I.W. Purchasing Office made cash payments for the following purchases:

<u>Firm</u>	<u>Purchase</u>	<u>Payment in Schillings</u>
Scheeller-Bleekmann	Pump rods	150,403.00
Naturührer & Gruber	Mipples and jets	403.20
Montaswerke Brinckgass G.A.B.M.	Barite	5,298.00
Ferdinand Brueglor	Electric repairs	1,549.82
USIA	Rent	2,028.26
Uher & Co.	Manometers and valves	4,000.00
Ing. Bela Frank, Flaschenfabrik	Steel bottles	1,769.30
Franz Urban	Cable car installation charges	1,020.00
Bison-und Stahl AG	Iron girders	9,379.04
DDSG	Transport and loading charges	25,719.20
Hennebaum-Trauzl AG	Pump rods, fish-piled chisels, cylinder boxes	341,870.45
 Holzbauwerk Franz Bavlicek	 Light poles, boxes, and miscellaneous wood products	 66,594.84
K. J. Baldauf Co.	Construction materials	124,216.00
Bach Keller & Co. (sic)	Pearl glue (Pouliot)	322.00
Richard Kress, Mässche- Berufsfleiderzeugung	Linen cloth	8,232.00
Otto Nussbaum und E. Vuleascot	Fanbelts	940.00
Kellner & Kunz	Screws	128.03
Adolf Franz Herzog	Forge coke	368.55
"Standard" Ges.für Techn. Artikel	Fanbelts Swabbing rubber	12,763.60 6,654.27
Plansco Metallwerke	Weld steel	61,538.00
Josef Pollak	Angle iron	950.00

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~~CONFIDENTIAL~~SMV Sales

9. Sale of machinery and materials from SMV warehouses at Lobau and Neusiedl, during July 1949, amounted to 12,733,713.12 schillings. In the first part of August 1949, the SMV sold 12 crates containing 24 cubic meters of various types of pencils, office supplies, and 30 tons of workers' shoes, coats, and raincoats to a Hungarian or Yugoslav purchasing commission. MITTELMAN has been negotiating with the Benda firm in Vienna for the sale, at seven schillings apiece, of 100 75-liter drums used for chemicals in laying smoke screens. ***** This transaction has not been completed because the SMV suddenly raised its price to 30 schillings per drum. *****

Soviet Inspection of SMV Installations for Pre-War Oil Field Data

10. About a week ago, Richard K. Van SICKLE, director of the British-owned Van Sickles oil firm, visited SMV oil fields. Soviet authorities believe he may possess detailed plans which indicate the location of rich oil deposits in SMV-controlled areas. Apparently, the Soviets are convinced that such plans do exist and as a result have instituted a survey of all pre-war files at various SMV installations. Some safes, sealed since before the war, have already been opened with blow torches, and a special commission has been appointed to study pre-war records and charts to discover any clues indicating unknown oil deposits.

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Comments:

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* An account of the SMV order forbidding the sale of scrap to USIA or to any other purchaser was given in [REDACTED]

**

[REDACTED] Wiener Eisen 25X1A
Metall Verwertungsgesellschaft is a subsidiary of Eisen-und Stahl A.G., which has been established as a cover and service firm for the Soviet section of Eisen-und Stahl A.G., which is directed by FRITZKE and supervises the disposition of scrap materials. See [REDACTED] 25X1A

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[REDACTED] [REDACTED]
[REDACTED] uschawne schtrans has shipped an average of 800 to 1,000 tons of scrap per month to Trinec and Bohumin, Czechoslovakia, for a period of more than a year, and by 1 July 1949 an estimated 53,000 tons had been shipped.

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[REDACTED] it was reported that all SMV subsidiary firms were directed to prepare complete and detailed inventories indicating the original purchase price of all materials and equipment used in current production as well as that held in reserve stocks on or about 1 July 1949.

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The Benda firm may possibly be identical with Benda-Lutz Jerke, Bronzefarben-und Alum. Pulver, Vienna VII, Stollgasse 5

This increase in price may be related to recent Soviet order placed at USIA metal working factories for barrel bidding machines designed to assemble gasoline drums of this type.

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